



Memorandum

To : Luciana Profaca
Chief Deputy Director

From : Lori Bruno [signed copy on file]
Acting Chief
Audit Services

Date : March 3, 2009

Subject : **FINAL REPORT - Audit of Cooperative Agreement #24161 with
Rancho Santiago Community College District/Santa Ana
College**

File No. : IVB18.44-1088

Introduction

The Department of Rehabilitation (DOR) Audit Services has completed its audit of the Workability III (WAI) Cooperative Agreement (Contract) #24161, effective July 1, 2005 through June 30, 2006, with the Rancho Santiago Community College District/Santa Ana College (District) in Santa Ana.

The District WAI Contract services are provided through Disabled Students Program and Services at Santa Ana College. The objective of this program is to provide work readiness activities, job development, and job placement. These services are available to DOR consumers only. For fiscal year 2005/2006, the WAI Contract budget and expenditure totals included:

Type	Budget	Paid/Reported
Service (DR801A & B)	\$303,915	\$303,885
Cash Match	\$60,081	\$60,081
Certified Expenditure	\$22,171	\$25,689

The District was contracted to provide employment services to DOR consumers who are significantly and most significantly disabled, able to work independently, and are job ready. The services and intended outcomes are to provide competitive employment in the community and are designed to prepare the DOR consumer with the skills necessary to secure and maintain competitive employment in agreement with their Individual Plan for Employment (IPE).

The Contract services are designed to jointly serve the mutual consumers of the DOR administered through the Orange/San Gabriel District and Santa Ana College. The Contract service outcome goals for the audit period were:

- 65 unduplicated consumers to receive Contract services;
- 23 consumers will receive employment preparation and Job Search Skills Class services;
- 42 job placements into unsubsidized employment;
- Of the 42 job placements, 28 will result in unsubsidized employment lasting at least 90 days or longer.

Scope

Audit fieldwork was conducted during May 2007; and the exit conference to discuss the tentative audit findings was held on May 31, 2007. We conducted our audit in accordance with Government Auditing Standards as defined by the Government Accountability Office, except Standard 3.52 requiring an external peer review. These standards require that we obtain reasonable assurance that the expenditures incurred and the services provided are supported by appropriate records; and are in compliance with the Contract, 2005/2006 Contract Manual, and applicable Federal and State laws, regulations, and Office of Management Budget (OMB) Circulars. The audit also included a limited review of the internal controls applicable to the Contract. Our audit is subject to the inherent risk that all significant errors and irregularities, fraud, or non-compliance will not be identified.

Our audit included examining, on a sample basis, evidence supporting the information included on the Service Invoices (Invoices), Certified Expenditure Summaries (Summaries), and consumer service reports submitted to DOR. Our audit also included a limited review of the internal controls as they relate directly to our audit of the Invoices and Summaries through the use of questionnaires and interviews with District staff. A more comprehensive review of organizational internal controls was not conducted due to our reliance on the June 30, 2006 Single Audit Report issued by the Rancho Santiago Community College District's independent auditor. In addition, we performed a limited review of other funding received by District to ensure that duplicate funding did not occur between funding sources; and performed a

limited review of the procedures in place to document and report the services provided to DOR consumers.

Summary of Findings and Recommendations

The expenditures incurred and the services provided by District were materially supported by appropriate records; and were in compliance with the Contract, Contract Manual, and applicable Federal and State laws, regulations, and OMB Circulars. However, we identified several issues that need to be corrected by the District to be fully compliant with the Contract terms and requirements. The details of each finding are noted in **Appendix I, Details to Findings**.

General Recommendation

Effective contract management practices include reading the Contract and Contract Manual to identify expenses that can and cannot be charged to the Contract, to ensure understanding of the specific services to be provided under the Contract, to identify the specific expenses that are included in the Contract Budget Narrative, and to facilitate proper contract administration and billing/reporting practices. Also, expenses charged to the contract should be monitored to determine what expenses are charged to the contract, that expenses are charged to the correct line item, and for comparison of budget to actual costs to determine whether any action, including revising or amending the contract, should be taken as appropriate.

1. Although the Coordinator personnel costs were reimbursed through the federally-funded Service Budget (DR801A), the District Accounting Office recorded 60% of the Coordinator's total 76% personnel costs billed to DOR as State funded each month in their accounting records. As a result, the FY 2005/06 Single Audit Schedule of Federal Awards Contract expenditures were incorrectly reported at \$243,804, with an understatement of Federal reimbursed expenditures of \$60,081 for the DOR Vocational Rehabilitation (VR) 84.126 program.

Recommendation

The District properly record the Coordinator's personnel costs as federal expenditures in the accounting records to ensure accurate reporting of the total federal DOR 84.126 VR program expenditures on the District's Single Audit Schedule of Federal Awards. Further, the District properly record the Contract cash match dollars paid to DOR as state funded in the accounting records to ensure they are appropriately recognized to support the leveraged federal dollars in compliance with federal regulations and to ensure the match dollars are not used to match any other federal funds.

2. The District did not perform the quarterly or annual reconciliation of their budgeted to actual contract staff personnel costs and submit the adjusted invoiced amounts accordingly to DOR as required by the Contract Exhibit B and OMB A-87.

Recommendation

The District develop procedures so that the Accountant completing the Contract invoices receives the completed PARs to ensure that reconciliations of personnel costs are performed, at least on an annual basis; and, the District submit the adjustments accordingly to DOR to reflect actual costs in compliance with the Contract Exhibit B and OMB A-87.

3. The District paid Contract staff are completing time distribution forms that are duplicative or inappropriate. Specifically, the District requires that all federally-funded employees complete an Employee Time Report – Categorical Programs (Time Report) that documents the distribution of time spent on federally-funded activities. In addition, some staff are completing Weekly Personnel Activity Reports where they break down their daily hours for specific activities. Further, all Contract paid staff complete monthly DOR certification forms.

Recommendation

- a. The District Contract staff continue to complete the Time Reports in accordance with District reporting and OMB A-87 time distribution requirements.
 - b. The District should review to identify actions that could be implemented to ensure the Time Reports are received more timely by employees for accurate, timely, and proper completion in accordance with OMB A-87.
 - c. The Coordinator and the DOR Contract Administrator should consider discontinuing the redundant and unnecessary monthly certification forms. Also, they should reconsider the requirement that the PARs be submitted each month with the invoice unless circumstances warrant this requirement. Otherwise, the PARs should be maintained for periodic review and monitoring upon request by the DOR Contract Administrator as is typically required by DOR contracts.
4. Each Contract staff providing direct consumer services did not prepare and maintain a listing of the consumers he/she served each month.

Recommendation:

Each District direct service Contract staff must prepare a listing of consumers they individually provided Contract services to on a monthly basis. For guidance on how to implement this requirement, refer to the 2009/10 Contract Manual.

5. The District inappropriately billed DOR for unallowable operating expenses or for operating expenses that were billed to the incorrect line item.
 - a. The District incorrectly billed DOR for unallowable conference registration expense not specifically approved for in the Contract Budget Narrative.

Recommendation

The District ensure that invoices submitted to DOR only include expenses identified in the approved Contract Budget Narrative and do not contain unallowable costs. If the District determines that the additional of line items/expenses is warranted, it must submit a budget revision or amendment to request approval in accordance with the Contract and Contract Manual prior to incurring and billing these expenses.

- b. The District billed DOR for unallowable hotel costs that exceeded the State employee rate.

Recommendation

The District only bill DOR for travel and per diem rates that do not exceed those amounts paid to the State's employees.

- c. The District incorrectly billed DOR for travel and parking expenses totaling \$65 that should have been billed to the Travel line item.

Recommendation

The District ensure that all operating expenses are billed to the correct line item in accordance with the Contract Budget Narrative and in compliance with the Contract and Contract Manual. For additional guidance on the different budgetary change requirements, refer to the 2009/2010 Contract Manual.

6. Although we were able to materially determine the Contract staff incurred the mileage billed to DOR was reasonable based on the Mileage Reimbursement Claim form trip purpose and site visited, improvements should be made to be fully compliant with DOR documentation requirements.

Recommendation

The District update procedures to ensure documentation is sufficiently maintained to adequately support that the mileage was incurred for specific allowable contract services and individual consumers, where applicable. This includes documenting the WorkAbility III related purpose and the specific consumers for which the mileage was incurred, whether on the Mileage Reimbursement Claim or alternative document. Further, the District train staff on the new procedures and monitor the Mileage Reimbursement Claim to ensure compliance with the new procedure. For guidance on how to implement this requirement, refer to the 2009/2010 Contract Manual.

7. The District Accounting Office records training and travel costs within one single account code – Conference Expenses. However, the Contract Budget contains separate Travel (excluding mileage) and Training line items. This requires that the District manually segregate the costs recorded within this account code to the appropriate Contract Budget line item, resulting in extra work and the potential inappropriate recording of expenses to the incorrect line item.

Recommendation

We suggest the District, in consultation with the DOR Contract Administrator, determine the viability of amending its budget narrative line item description to more accurately reflect the expenses included in this Conference account code. This would provide for a more efficient billing process, improve accuracy in billing expenses to the appropriate line item, and provide a better record trail.

8. The District maintains a Consumers/Students Served - 2005/2006 listing which documented that they served 70 unduplicated consumers, exceeding the contract goal of 65 unduplicated consumers. However, the District did not maintain Contractor goals data to track and monitor the Employment Service Outcomes/Numbers to be Served specified in the Contract.

As a result, we were unable to determine whether the District achieved the contractor goals identified in the Contract for each component of employment services, nor whether the goals are appropriate and reasonable in relation to the contract budget for the FY 2005/06 audited. Further, the FY 2008/09 contract goals have not materially changed from FY 2005/06 even though the contract service budget increased by

almost \$50,000 and the certified summary budget increased by almost \$35,000.

Service Outcomes/# Served	FY 2005/06	FY 2008/09
Budgets (Service/Certified)	\$303,915 / \$22,171	\$351,673 / \$57,469
Unduplicated	65	65
Emp Prep/Job Search Skills	23	23
Job Placement	42	46
JP- 90 + Days	28	31

Also, although the District is contracted to provide follow-up services to consumers who have been placed in competitive employment for at least 90 days, the contract does not contain a specific goal for this service.

Recommendation

The District develop a system to adequately track and monitor the Employment Service Outcomes/Number to be Served; and, in consultation with the DOR Contract Administrator, consider any action needed as appropriate. For specific guidance, refer to the 2009/2010 Contract Manual. Further, the DOR Contract Administrator and the District identify goals for the follow-up services to be provided to consumers placed in competitive employment for at least 90 days.

9. The District does not typically document follow-up services provided to consumers placed in employment at least 90 days in the consumers case notes, even though the Job Developers provide follow-up services as requested by consumers.

Recommendation

The District document the follow-up services in the case notes when provided to support the services provided and to facilitate notification to the DOR counselor as appropriate.

District Response

The District Management, along with the local DOR District staff, reviewed the draft audit findings and recommendations and notified Audit Services on February 19, 2009 that they agreed it was appropriate to move forward with this report.

Corrective Action and Follow-up Report

- The District develop a corrective action plan for DOR Audit Services review and approval that includes specific steps the District will take to complete the corrective action and the timetable for completing those steps. DOR Audit Services anticipates the corrective action plan can be developed within 30 days of the date of this report, and requests that the District submit the plan to DOR Audit Services with a copy to the DOR Contract Administrator.
- The DOR Contract Administrator must perform a follow-up review on the findings to ensure the issues have been appropriately resolved. Once follow-up has been conducted, a report must be submitted to DOR Audit Services by April 30, 2009. The follow-up report will address each audit finding/ recommendation separately; include an explanation of the specific review procedures conducted by the Contract Administrator, identify any documents reviewed, and indicate whether each finding has been resolved.

The contents of this report have been discussed with David Guzman, Dean of Special Services; Jane Mathis, Associate Dean, Disabled Students Programs and Services; Sandy Norris, Career Specialist/Program Manager; Rennie Velasquez, Director of Accounting; LaVonne Stickney, Senior Resource Development Coordinator; and MaryAnn Conway, DOR Contract Administrator. We appreciate their assistance with our audit.

The audit was conducted by Russell Nakata and Pa Xiong, DOR Auditors, under the supervision of Lori Bruno, DOR Audit Supervisor.

**Rancho Santiago Community College District/Santa Ana College
Cooperative Agreement # 24161
Fiscal Year 2005/2006**

Details to Findings

The expenditures incurred and the services provided by District were materially supported by appropriate records; and were in compliance with the Contract, Contract Manual, and applicable Federal and State laws and regulations and OMB Circulars. However, we identified several issues that need to be corrected by the District to be fully compliant with the contract terms and requirements.

General Recommendation

Effective contract management practices include reading the Contract and Contract Manual to identify expenses that can and cannot be charged to the Contract, to ensure understanding of the specific services to be provided under the Contract, to identify the specific expenses that are included in the Contract Budget Narrative, and to facilitate proper contract administration and billing/reporting practices. Also, expenses charged to the contract should be monitored to determine what expenses are charged to the contract, that expenses are charged to the correct line item, and for comparison of budget to actual costs to determine whether any action, including revising or amending the contract, should be taken as appropriate.

Cash Match/Schedule of Federal Awards Reporting

1. Although the Coordinator personnel costs were reimbursed through the federally-funded Service Budget (DR801A), the District Accounting Office recorded 60% of the Coordinator's total 76% personnel costs billed to DOR as State funded each month in their accounting records. As a result, the FY 2005/06 Single Audit Schedule of Federal Awards Contract expenditures were incorrectly reported at \$243,804, with an understatement of Federal reimbursed expenditures of \$60,081 for the DOR Vocational Rehabilitation (VR) 84.126 program.

The District Accounting Office stated they allocated the Coordinator position in this manner to recognize the \$60,081 cash match paid to DOR in the accounting records. However, since the \$60,081 cash match funds provided by the District allow DOR to leverage federal funding to support the contract services and reimbursable costs, these

dollars must be recorded separately from the federally coded contract reimbursement (Service Budget) accounts in the accounting records to ensure that they are earmarked for this cooperative contract as well as to ensure that these State match funding dollars are not used as match for other federal funds.

Recommendation

The District properly record the Coordinator's personnel costs as federal expenditures in the accounting records to ensure accurate reporting of the total federal DOR 84.126 VR program expenditures on the District's Single Audit Schedule of Federal Awards. Further, the District properly record the Contract cash match dollars paid to DOR as state funded in the accounting records to ensure they are appropriately recognized to support the leveraged federal dollars in compliance with federal regulations and to ensure the match dollars are not used to match any other federal funds.

Personnel

2. District did not perform the quarterly or annual reconciliation of their budgeted to actual contract staff personnel costs and submit the adjusted invoiced amounts accordingly to DOR as required by the Contract Exhibit B and OMB A-87.
 - a. The District reported the Project Director's certified expenditure using the Contract budgeted monthly personnel costs. As a result, the certified expenditure for December 2005 was underreported by \$235. The District Accounting Office was not aware of the requirement to report expenses based on actual costs and/or perform reconciliations at least annually, explaining that he was trained by his predecessor use the monthly budgeted personnel costs in calculating the certified expenditures reported to DOR.

Since the reported certified expenditures were sufficient to meet the match requirements, no audit adjustment will be made.
 - b. Although the Coordinator documented she worked 70% on contract activities each month on her PAR and confirmed this in an interview, the personnel costs recorded in the accounting records and billed to DOR were based on the budgeted 76%. As a result, DOR was overbilled \$692 for June 2006. Although the method of billing monthly based on budgeted percentage of time is allowable, the District Accounting Office was unaware of the requirement to reconcile the budgeted personnel costs billed to actual amounts costs and submitting the adjustments to DOR accordingly; also,

the Accounting Office was not receiving the completed PARs he needed to perform the required reconciliations.

Since the District had Contract staff personnel costs it was unable to bill DOR for due to contract budget constraints that would ultimately off-set the overbilling, no audit adjustment will be made. However, if the District continues to bill based on budget but does not perform the reconciliations required by OMB A-87, it could be held responsible to pay back funds for any overbillings.

While OMB A-87 allows public agencies to invoice DOR for personnel costs based on budget throughout the fiscal year, it requires that reconciliations be performed to bring the budgeted amounts to actual costs as described in OMB A-87.

Recommendation

The District develop procedures so that the Accountant completing the Contract invoices receives the completed PARs to ensure that reconciliations of personnel costs are performed, at least on an annual basis; and, the District submit the adjustments accordingly to DOR to reflect actual costs in compliance with the Contract Exhibit B and OMB A-87.

Time Allocation – Personnel Activity Report Issues

3. The District paid Contract staff are completing time distribution forms that are duplicative or inappropriate. Specifically, the District requires that all federally-funded employees complete an Employee Time Report – Categorical Programs (Time Report) that documents the distribution of time spent on federally-funded activities. In addition, some staff are completing Weekly Personnel Activity Reports where they break down their daily hours for specific activities. Further, all Contract paid staff complete monthly DOR certification forms.

Since the required District Time Reports satisfy OMB A-87 time distribution requirements, the certification forms are duplicative and not needed. The Coordinator explained that since the DOR Contract Administrator required that PARs/certifications be submitted each month with the invoices and that the District Time Reports were often received untimely to meet this local DOR requirement, all Contract staff completed the certification form every month to support their time on Workability III activities.

Further, although the Coordinator performed activities for two separate District programs she incorrectly completed and submitted a certification

form to DOR. OMB A-87 only allows certifications for staff who work solely on one program. The Coordinator was not aware that she was ineligible to complete the certification form.

Recommendation

- a. The District Contract staff continue to complete the Time Reports in accordance with District reporting and OMB A-87 time distribution requirements.
- b. The District should review to identify actions that could be implemented to ensure the Time Reports are received more timely by employees for accurate, timely, and proper completion in accordance with OMB A-87.
- c. The Coordinator and the DOR Contract Administrator should consider discontinuing the redundant and unnecessary monthly certification forms. Also, they should reconsider the requirement that the PARs be submitted each month with the invoice unless circumstances warrant this requirement. Otherwise, the PARs should be maintained for periodic review and monitoring upon request by the DOR Contract Administrator as is typically required by DOR contracts.

Direct Service Staff Consumer Listings

4. Each Contract staff providing direct consumer services did not prepare and maintain a listing of the consumers he/she served each month. Rather, the direct service staff stated that a directory of students/consumers is maintained by the Contract clerical staff and attendance sheets are maintained of the consumers attending Job Club, seminars, and orientations for the program. A Student (Consumer) Progress Report listing is also maintained that identified the Job Developer responsible for completing progress reports for each consumer.

The District submits a Monthly List of Students/Clients Served as required by the Contract Exhibit E; the June 2006 list contained 19 names of consumers served by the WorkAbility III program. For June 2006, the Contractor billed DOR personnel expenses for 3.75 Job Developer 40 Hr/FTEs, resulting in an average of 5 consumers served by each direct service staff. Without individual consumer listings, it is difficult to determine the reasonableness of the time reported by each direct service staff in proportion to the number of consumers served and

the extent of services provided to each consumer; and that the contract staff only billed DOR for time spent serving active DOR consumers.

Federal regulations and the Contract Exhibit D require that the Contractor maintain such reports and records deemed necessary by the State to support that the expenditures were made in accordance with the contract and applicable laws and regulations. These records include individual listings of consumers served by each direct contract staff to support the time charged to the contract and to support that Contract services were provided only to DOR consumers.

Recommendation:

Each District direct service Contract staff must prepare a listing of consumers they individually provided Contract services to on a monthly basis. For guidance on how to implement this requirement, refer to the 2009/10 Contract Manual.

Operating Expenses

5. The District inappropriately billed DOR for unallowable operating expenses or for operating expenses that were billed to the incorrect line item.
 - a. The District incorrectly billed DOR for unallowable conference registration expense not specifically approved for in the Contract Budget Narrative. The Training line item included \$70 for conference registration, of which \$45 specifically was for a new or renewal membership to the California Placement Association (CPA). The Coordinator elected to pay the additional cost for the CPA membership because it shares job openings and provides advice on placements.

The approved Contract Budget Narrative for the Training line item includes expenses for Workability III staff at Santa Ana College to attend training related to the implementation and operation of the contract. However, membership costs are not an allowable expense under a training line item nor did the Contract have a separate line item for Membership costs.

Due to the immaterial dollar amount, no audit adjustments will be made. However, if the District continues to purchase items not specifically included in the Contract, it could be held responsible to pay back funds for any overbilling of unallowable expenses.

Recommendation

The District ensure that invoices submitted to DOR only include expenses identified in the approved Contract Budget Narrative and do not contain unallowable costs. If the District determines that the additional of line items/expenses is warranted, it must submit a budget revision or amendment to request approval in accordance with the Contract and Contract Manual prior to incurring and billing these expenses.

- b. The District billed DOR for unallowable hotel costs that exceeded the State employee rate. Contract staff attending a conference stayed at a hotel in Folsom that charged \$109 per night. However, the maximum approved lodging rate in Sacramento County is \$84 per night, resulting in a total overpayment of \$55 for two nights.

The Contract staff stayed at this hotel since the conference she was attending was held in the same hotel. However, the Contract Exhibit D only allows reimbursement of travel and per diem under the Contract at rates not to exceed those amounts paid to the State's employees. Although the District may be required to reimburse employees for the actual travel costs incurred and paid, the District can only receive reimbursement from DOR up to the maximum rates stated above.

Due to the immaterial dollar amount, no audit adjustment will be made. However, if the District continues to bill for rates in excess of State approved travel rates, it could be held responsible to pay back funds for any overbilling of unallowable travel expenses.

Recommendation

The District only bill DOR for travel and per diem rates that do not exceed those amounts paid to the State's employees.

- c. The District incorrectly billed DOR for travel and parking expenses totaling \$65 that should have been billed to the Travel line item. Although the District acknowledged these expenses should have been billed to the Travel line item, the Travel line item budget was depleted and so the District incorrectly believed that they could bill the excess amount to the Training line item since funds were still available and the expenses were incurred for conferences. However, the Training line item Budget Narrative did not include travel costs.

Federal regulations and the Contract require that expenses be billed to the appropriate line item to facilitate a proper record trail. Further, the Contract Exhibit B allows the District to exceed a line item budget within budget categories as long as it is necessary for the provision of services to DOR consumers and consistent with the budget Narrative, subject to local DOR approval.

Because these expenses were allowable and funds were available within the budget category, no audit adjustment will be made. However, if the District continues to bill for expenses to the incorrect line item, it could be held responsible to pay back funds for any overbilling of expenses that may result from incorrect billing practices. Further, if expenses are not appropriately accounted and billed for, the District is unable to monitor whether a budget revision or amendment may be appropriate to maximize use of the Contract total budget.

Recommendation

The District ensure that all operating expenses are billed to the correct line item in accordance with the Contract Budget Narrative and in compliance with the Contract and Contract Manual. For additional guidance on the different budgetary change requirements, refer to the 2009/2010 Contract Manual.

6. Although we were able to materially determine the Contract staff incurred the mileage billed to DOR was reasonable based on the Mileage Reimbursement Claim form trip purpose and site visited, improvements should be made to be fully compliant with DOR documentation requirements. For example:
 - The Contract staff visited the local DOR office and listed the purpose of the trip "Meeting with student/client." Although it can be inferred that the purpose was directly related to the contract, no documentation was available that listed the consumer for whom the mileage was incurred where applicable. Alternatively, a Contract staff visited Coastline Community College and listed the purpose as "meeting with student/client." Without additional documentation regarding what and who the meeting was for, where applicable, we are unable to verify that it was incurred for Contract purposes.

The District assumed that anyone would be able to determine that the purpose of the trips was related to Workability III. However, if sufficient documentation to support the mileage expense is not maintained, the

District could be responsible to pay back funds that are not adequately supported.

Federal regulations and the Contract Exhibit D require that the Contractor maintain such reports and records deemed necessary by the State to support the expenditures were made in accordance with the contract and applicable laws and regulations. These include mileage expense records that support that the mileage was incurred specifically for consumer and contract activities.

Recommendation

The District update procedures to ensure documentation is sufficiently maintained to adequately support that the mileage was incurred for specific allowable contract services and individual consumers, where applicable. This includes documenting the WorkAbility III related purpose and the specific consumers for which the mileage was incurred, whether on the Mileage Reimbursement Claim or alternative document. Further, the District train staff on the new procedures and monitor the Mileage Reimbursement Claim to ensure compliance with the new procedure. For guidance on how to implement this requirement, refer to the 2009/2010 Contract Manual.

7. The District Accounting Office records training and travel costs within one single account code – Conference Expenses. However, the Contract Budget contains separate Travel (excluding mileage) and Training line items. This requires that the District manually segregate the costs recorded within this account code to the appropriate Contract Budget line item, resulting in extra work and the potential inappropriate recording of expenses to the incorrect line item.

Recommendation

We suggest the District, in consultation with the DOR Contract Administrator, determine the viability of amending its budget narrative line item description to more accurately reflect the expenses included in this Conference account code. This would provide for a more efficient billing process, improve accuracy in billing expenses to the appropriate line item, and provide a better record trail.

Consumer Services

8. The District maintains a Consumers/Students Served - 2005/2006 listing which documented that they served 70 unduplicated consumers, exceeding the contract goal of 65 unduplicated consumers. However, the District did not maintain Contractor goals data to track and monitor

the Employment Service Outcomes/Numbers to be Served specified in the Contract.

The District provided a Successful Closures (Status 26) document for FY 2005/06, but most of the names on this list were not reflected on the Consumers/Students Served – 2005/2006 list. Upon checking a sample of the names listed against DOR's case record system, many consumers were coded to the WAlll program but had not received WAlll services during the FY 2005/06. Examples include:

- A consumer (S.B.) who applied for services with DOR in March 2000 was referred to the District WAlll program in October 2000. According to a case note dated May 30, 2002, "the consumer's involvement with the WAlll program will end on June 30, 2002 since she has been in their program for over a year exhausted their resources for finding employment." The consumer's case was successfully closed in November 2005 as "Unpaid Family Member."
- A consumer (J.M.) who applied for services with DOR in August 2002 was referred to the District WAlll program in October 2002. According to a case note dated January 29, 2003, the consumer declined continuing services with this program. According to the DOR case record, the consumer was employed as a clerk effective March 2004 and the case was successfully closed in February 2006.

As a result, we were unable to determine whether the District achieved the contractor goals identified in the Contract for each component of employment services, nor whether the goals are appropriate and reasonable in relation to the contract budget for the FY 2005/06 audited. Further, the FY 2008/09 contract goals have not materially changed from FY 2005/06 even though the contract service budget increased by almost \$50,000 and the certified summary budget increased by almost \$35,000.

Service Outcomes/# Served	FY 2005/06	FY 2008/09
Budgets (Service/Certified)	\$303,915 / \$22,171	\$351,673 / \$57,469
Unduplicated	65	65
Emp Prep/Job Search Skills	23	23
Job Placement	42	46
JP- 90 + Days	28	31

Also, although the District is contracted to provide follow-up services to consumers who have been placed in competitive employment for at

least 90 days, the contract does not contain a specific goal for this service.

Without a listing of the contractor goals achieved, the Contractor and the DOR Contract Administrator are unable to adequately track and monitor whether the Contractor is meeting the service outcomes/numbers identified in the Contract; or whether modifications to the Contract should be considered to be more reflective of the actual outcomes in comparison to the costs of the Contract.

Recommendation

The District develop a system to adequately track and monitor the Employment Service Outcomes/Number to be Served; and, in consultation with the DOR Contract Administrator, consider any action needed as appropriate. For specific guidance, refer to the 2009/2010 Contract Manual. Further, the DOR Contract Administrator and the District identify goals for the follow-up services to be provided to consumers placed in competitive employment for at least 90 days.

9. The District does not typically document follow-up services provided to consumers placed in employment at least 90 days in the consumers case notes. Based on interviews with the Job Developers, they provide follow-up services as requested by consumers. Contract staff explained follow-up services are usually provided over the phone and not typically documented. If the follow-up service is not documented in the case file, the Contract staff will not receive credit for the service and the results of the service may not be forwarded to the DOR counselor.

Federal regulations and the Contract Exhibit D require that the Contractor maintain such reports and records deemed necessary by the State to support that the expenditures were made in accordance with the Contract and applicable laws and regulations. These records include complete case notes to support the services provided to DOR consumers under the contract.

Recommendation

The District document the follow-up services in the case notes when provided to support the services provided and to facilitate notification to the DOR counselor as appropriate.